

09/16/2001


1765003 - R8 SDMS**ERIC JAMES HEIL****RICO TOWN MANAGER AND ATTORNEY**

9-18-01

Chuck Stillwell

ARCO

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Anaconda, MT 59711

TO: SHELDON MULLON

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Pages: 2

RE: St. Louis Mine Tunnel Discharge near Rico, Colorado

Dear Chuck,

As we discussed I'm providing this letter with preliminary ideas concerning potential treatment activities for the St. Louis Tunnel discharge and possible areas where such activities could be coordinated with community goals. The St. Louis Tunnel area is designated on the Rico Regional Master Plan as a future Light Industrial area. The Rico Regional Master Plan states the following:

"The "Light Industrial" Future Land Use Category is primarily intended for low impact service-oriented uses which provide services to the residents of Rico and the surrounding communities. Such uses offer significant economic development opportunities for the Town of Rico. Limited and accessory residential uses in the form of live/work housing is also permitted in order to provide cottage industry and economic development opportunities as well as increased levels of human activity and security to the area during off-hours.

Detached areas north of Town are thought to be more appropriate for light industrial uses because most traffic generated by these uses is likely to come from the north and the Telluride Region. The placement of light industrial uses in detached locations north of Town will help to minimize truck traffic through Town as compared to other possible locations. Specific areas planned for light industrial use include lands at the bottom of Aztec Draw and the mill site and tailings ponds area. Isolated sites on CHC Hill may be appropriate for extractive/mining industry."

The Master Plan was adopted in 1996. Since its adoption several small light industrial businesses have been established in Rico. I have received numerous inquiries for potential new small businesses of possible shop and yard space. This area may also be a potential site for a lumber yard which would substantially benefit the Town if it such a business was established in the Town boundary. The St. Louis Tunnel mill site is currently outside of the town boundaries. Issues related to considering Light Industrial uses at the St. Louis Tunnel mill site include the following:

1. Identification of property ownership and establishing clear title;
2. Identification of areas most appropriate for uses associated with treating the St. Louis tunnel discharge and identification of areas suitable for light industrial uses;

3. Review of annexation or other local governmental approval processes to authorize light industrial uses and identification of associated costs to pursue such process;
4. Extension or improvement of roads, highway access, or utilities necessary for water discharge treatment plan and/or potential light industrial uses; and,
5. Review of potential brownfields redevelopment funding through state and federal sources.

Besides the desired light industrial uses in the St. Louis tunnel treatment area town has a general interest to create "greenways" along the Dolores River and Silver Creek. The Rico Regional Master Plan, Article III Goals and Objectives, Parks, Recreation and Open Space, Paragraph 10. States as a goal and objective, "Preserve significant open space areas, including, Silver Creek and areas of the valley floor adjacent to the Dolores River."

In addition to the Town's goals in the St. Louis tunnel treatment area the Town has general goals to acquire the undeveloped lands along the Dolores River and Silver Creek. These lands could be used for recreation but would also benefit a watershed management effort. Besides preventing degradation of these waterway areas by potential future development public ownership would allow the Town to pursue the Federal Fishing is Fun grant program for restoration and enhancement of the river corridor. The Fishing is Fun program provides grant funding up to 75% of the cost of project. Total costs to fully restore and implement possible improvements is estimated at \$1,000,000.00 to \$1,500,000.00. The Town commissioned a river corridor study by AquaHab (based in Durango) which identifies a list of activities that could be undertaken to improve the riparian areas and aquatic habitat along the Dolores River and Silver Creek.

Finally, the Town may consider the use of sludge from the proposed sewer plant for composting and additional cover on existing mine tailings. The Town of Silverthorne has pursued such a program in the Climax mine tailings area. Such a program may provide mutually beneficial opportunities because it may allow for a lower cost to the Town to dispose of sludge while at the same time improving the appearance and vegetative cover of the tailings piles. The Town may also have an interest in considering the Columbia Tailings site for potential use as future Street Maintenance shop location (as part of long range River Corridor park plan that may desire relocation of the existing street maintenance shop). These potential uses of the tailings would necessarily involve review by State agencies for suitability.

With regard to the progress of creating a cooperative plan to address discharges into the watershed the Town is generally supportive of this approach. The Town Board will meet again on October 17th. I think an outline of tasks to be completed with a schedule would be helpful for the Town to understand and support this proposed approach.

Sincerely,



Eric James Heil

Cc: Rico Town Board